

AMENDED IN ASSEMBLY MAY 5, 2003  
AMENDED IN ASSEMBLY APRIL 24, 2003  
AMENDED IN ASSEMBLY APRIL 10, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1284**

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**Introduced by Assembly Member Leslie**

February 21, 2003

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An act to add and repeal Section 80110.2 of the Water Code, relating to energy resources.

LEGISLATIVE COUNSEL'S DIGEST

AB 1284, as amended, Leslie. Direct transactions: cost responsibility surcharges.

Under existing law, the Public Utilities Commission regulates electrical corporations. The Public Utilities Act requires the commission to authorize direct transactions between electricity suppliers and retail end-use customers. However, other existing law suspends the right of retail end-use customers to acquire service from certain electricity suppliers after a period of time to be determined by the commission until the Department of Water Resources no longer supplies electricity under that law. Under existing law, the commission has imposed ~~certain surcharges~~ *a cost recovery surcharge* on retail end-use customers that continue to receive service in a direct transaction.

This bill, until January 1, 2009, would exempt a qualifying exempt direct transaction customer, as defined, from ~~those surcharges~~ *certain components of the direct access cost recovery surcharge*.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 80110.2 is added to the Water Code, to  
2 read:
- 3 80110.2. (a) Notwithstanding Section 80110, a qualifying  
4 exempt direct transaction customer shall, ~~not pay be exempt from~~  
5 ~~paying a direct access cost recovery surcharge, but will pay any~~  
6 ~~except for the following surcharge components:~~
- 7 (1) Any charge imposed to enable the ~~Department of Water~~  
8 ~~Resource department~~ to recover its bond-related costs, ~~along with~~  
9 ~~a~~ *under this division.*
- 10 (2) A tail competition transition charge, not to exceed \$0.01 per  
11 kilowatthour on the actual kilowatthours used.
- 12 (b) For purposes of this section, a “qualifying exempt direct  
13 transaction customer” means any corporation that meets each of  
14 the following requirements:
- 15 (1) The corporation entered into a direct transaction with an  
16 electric service provider for electric service for a plant or facility  
17 in California, by executing a contract prior to January 1, 2000, that  
18 extended service through at least February 1, 2001.
- 19 (2) The plant or facility was, after February 1, 2001,  
20 involuntarily returned to the electrical corporation for electrical  
21 service, as a result of the electric service provider terminating  
22 electrical service under the direct transaction contract.
- 23 (3) The plant or facility returned to receiving electric service  
24 from an electric service provider pursuant to a direct transaction  
25 within 90 days.
- 26 (4) The plant or facility continuously participated in an  
27 interruptible or curtailable service program.
- 28 (5) The corporation had an average total cost for all aspects of  
29 electric service, as a percentage of sales, in excess of 8 percent, for  
30 the five years beginning January 1, 1996, and continuing to  
31 December 31, 2000.
- 32 (6) The corporation had an average net profit margin as a  
33 percentage of sales of greater than 2 percent, for the five years  
34 beginning January 1, 1996, and continuing to December 31, 2000.

1 (7) The average total electric service cost as a percentage of  
2 sales, exceeded the average net profit margin for the corporation,  
3 for the five years beginning January 1, 1996, and continuing to  
4 December 31, 2000.

5 (8) The corporation submits a declaration from an officer,  
6 director, or owner stating that unless relieved of the expense of the  
7 direct access cost recovery surcharge, the plant or facility of the  
8 corporation that purchases electric service under the direct  
9 transaction contract, faces certain and imminent closure.

10 (c) It is the intent of the Legislature that *bundled customer*  
11 *indifference be achieved and that* no costs be shifted between  
12 customer classes as a result of this section.

13 (d) This section shall remain in effect only until January 1,  
14 2009, and as of that date is repealed, unless a later enacted statute,  
15 that is enacted before January 1, 2009, deletes or extends that date.

